



Climbing Out of the Hole: Some Thoughts on San Diego Job Growth

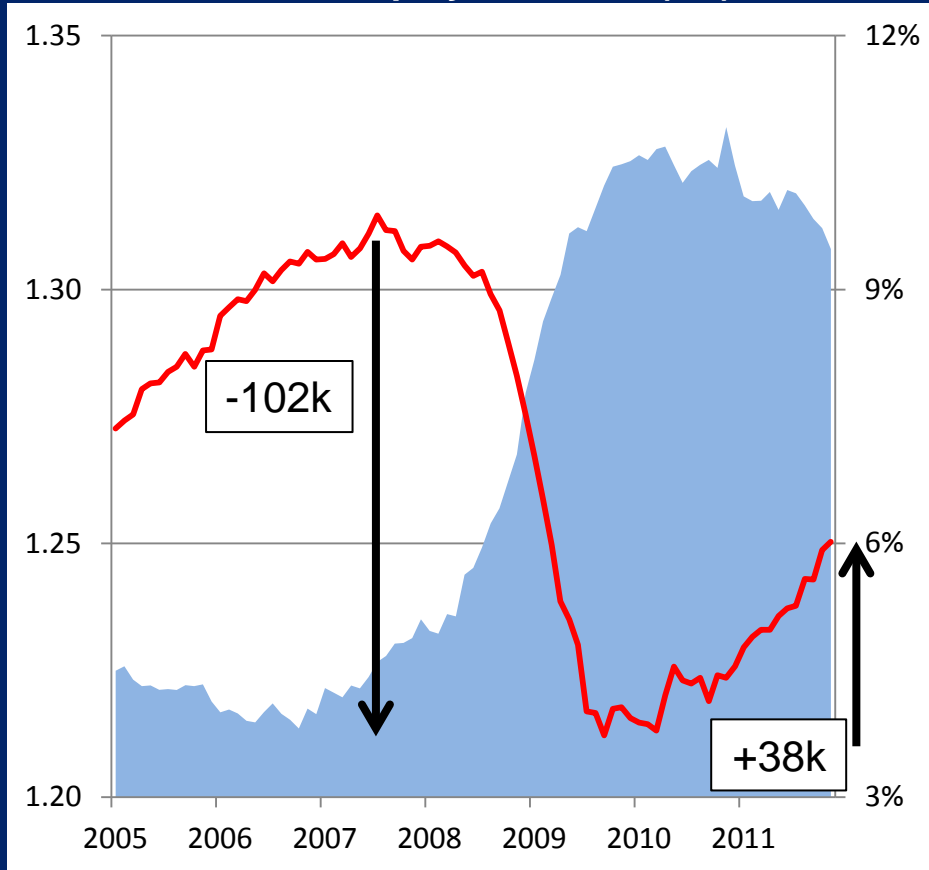
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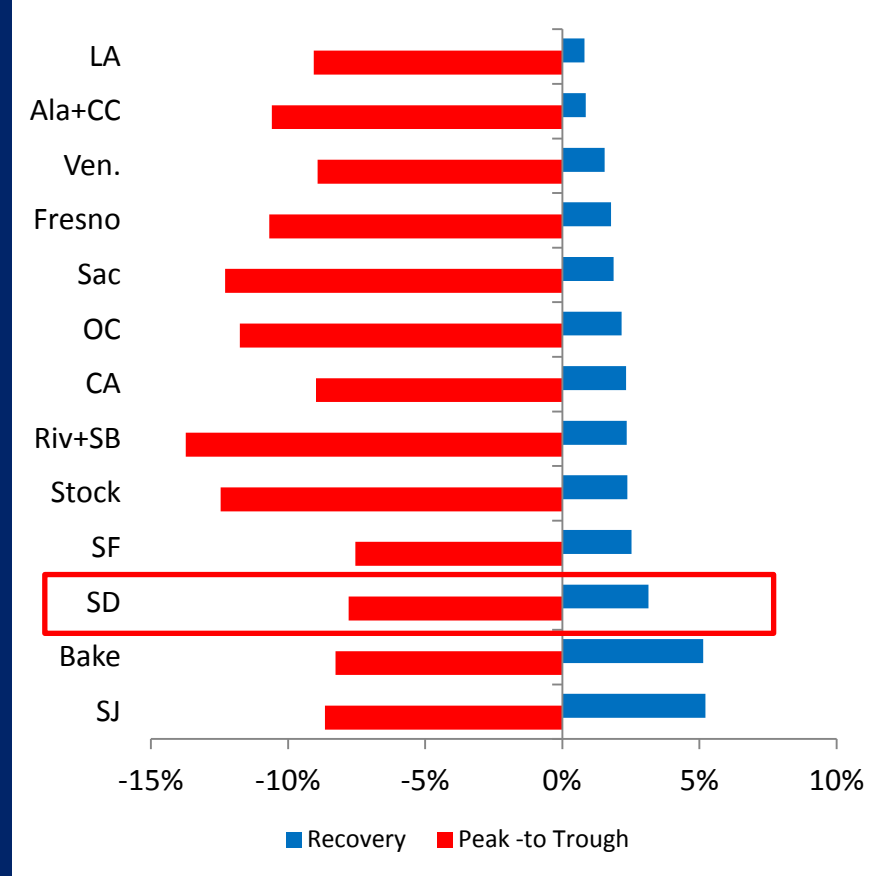
The Big Jobs Hole

**SD growth ~2200 jobs/mo. → 2+ yr to get back to 2007 employment.
We need 2x that growth to get 7% Unemp. Rate by Nov 2013**

SD NF Payroll Emp. (mil SA) &
SD Unemployment Rate (SA)

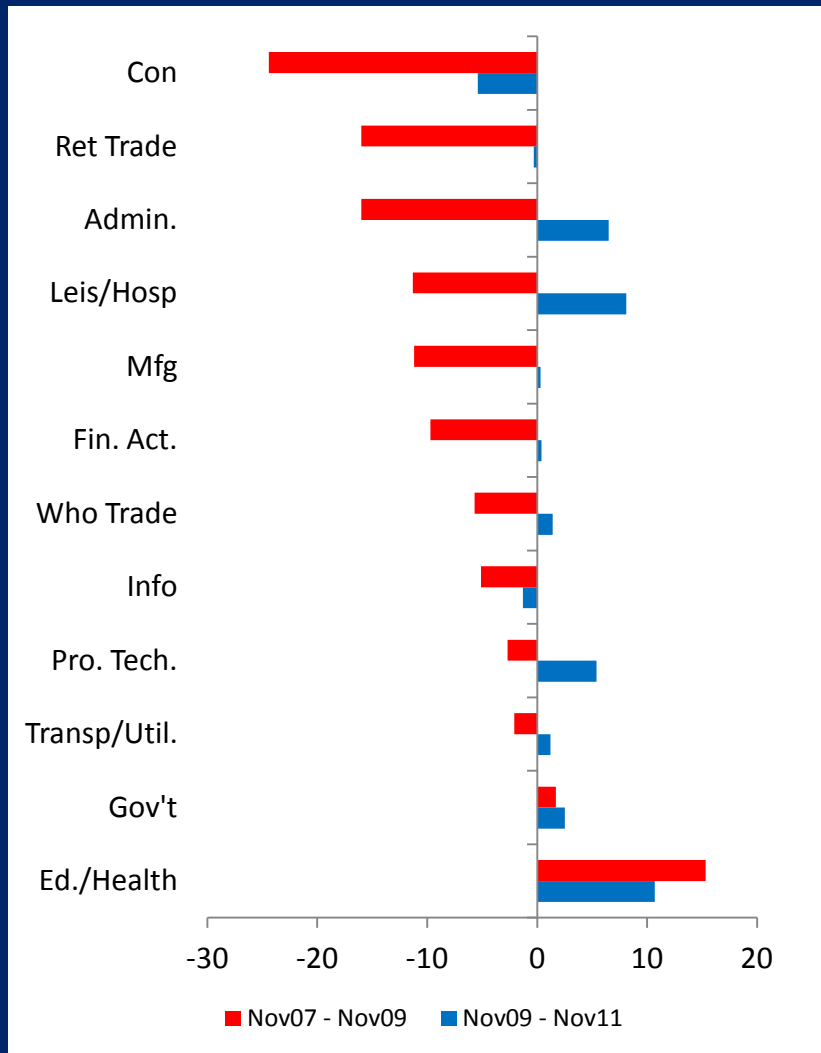


NF Payroll Growth by Metro



SD Job Losses: Cyclical or Structural?

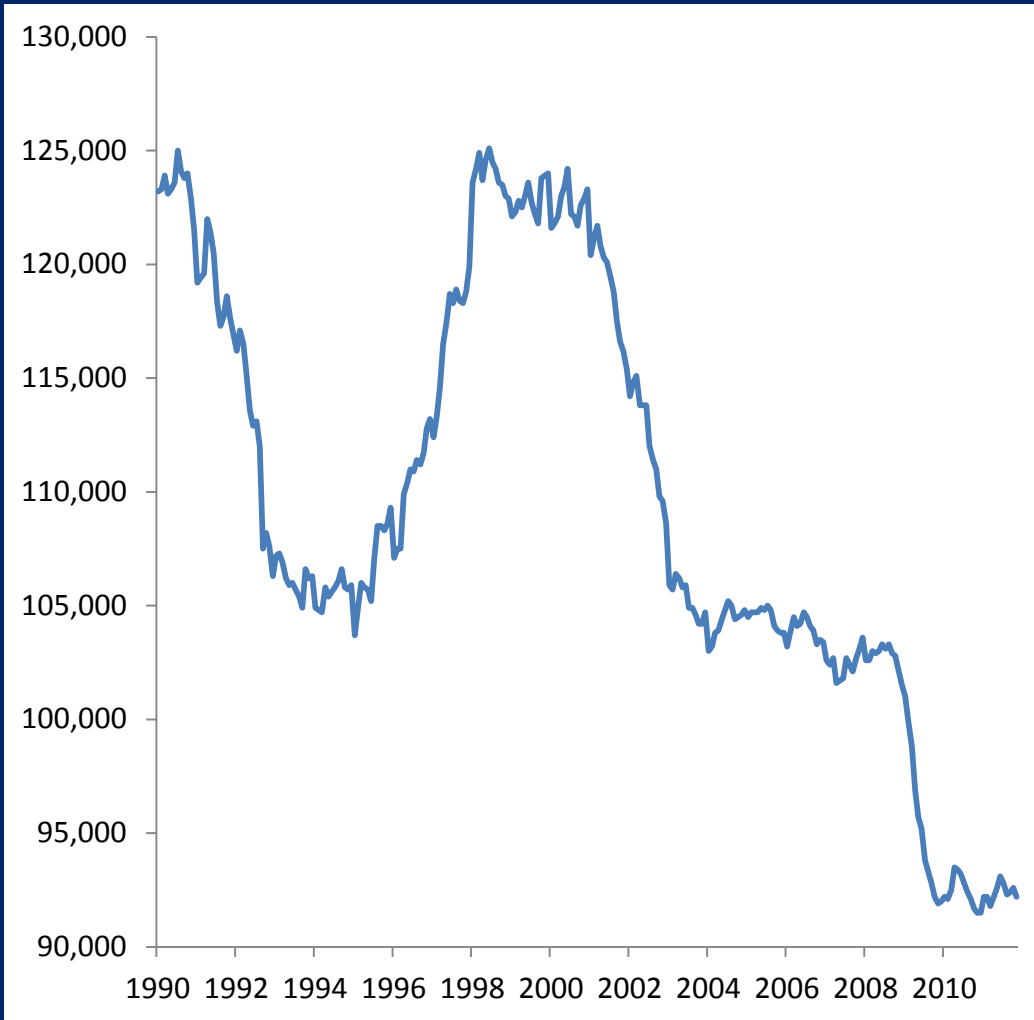
SD Change in Jobs by Sector (1000s)



- Biggest sources of recent job growth are Health Care, Bus. Services, and Tourism.
- Some of the biggest sources of job loss have yet to see any significant recovery: Construction, Retail, Mfg., Finance.
- Big question for the recovery is what share was cyclical: will these lagging sectors recover, or are these jobs gone for good?
- Retail, Transportation, etc. will come back as the US/CA economy recovers ... what about Mfg, Con, Fin Act.?

SD Manufacturing

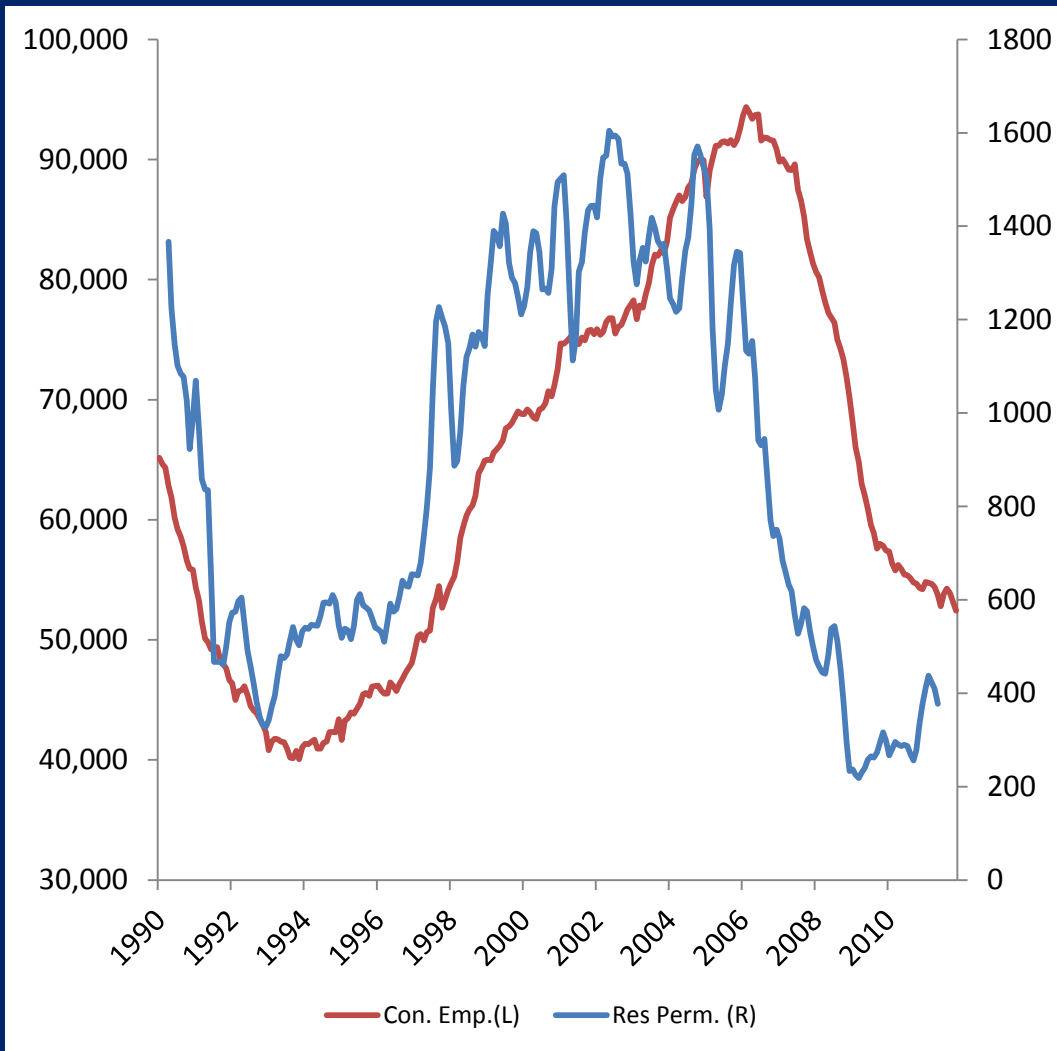
San Diego Manufacturing Employment



- Since 2000, SD Mfg mirrors US/CA trend of structural change: big job losses in recession, with few gains as the rest of the economy recovers.
- Specialized high-skill manufacturing/engineering will remain, but lower skill, standardized manufacturing based in SD has a significant cost disadvantage.

SD Construction

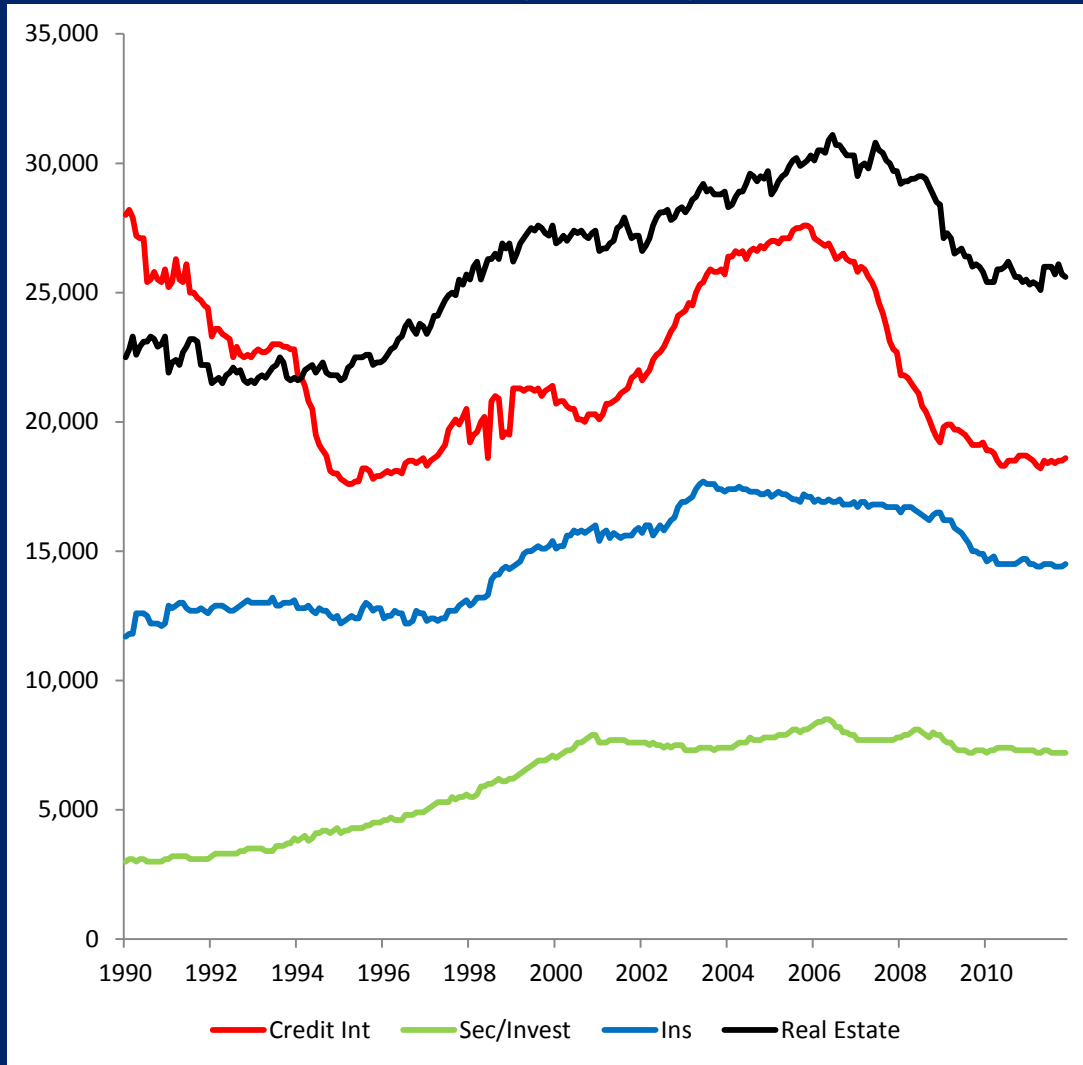
SD Constr. Emp. & Res. Bldg. Permits (6mo MA)



- SD Construction Emp. is closely tied to residential building permits, which are at 20 year low.
- Demographic demand plus an eventual end to competition from distressed resale homes mean eventually permits should return to average... someday.
- When building does return to normal, construction should add 10-15,000 jobs... but this won't happen until the housing markets normalizes.

SD Financial Activities

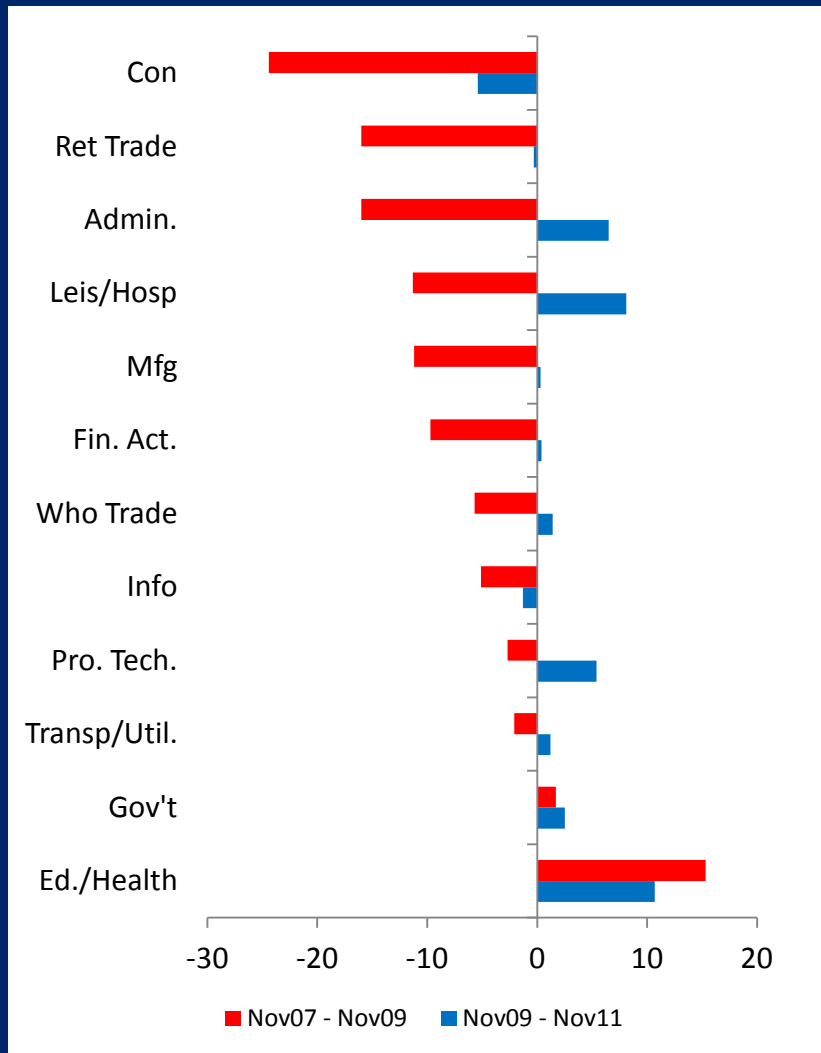
SD Finance Employment by Sub-sector



- Credit Intermediation: Banks & Other Lenders
- Securities & Investments: Brokers, Advisers, etc.
- Real Estate: Lessors, Prop Mgrs, full-time Brokers, Title Co., Appraisers, etc.
- After 2000, SD was not too far behind OC in “non-bank mortgage lending” employment growth. These jobs are probably not coming back.
- Some of the Real Estate jobs will come back when sales return to more normal levels.

Recap

SD Change in Jobs by Sector (1000s)

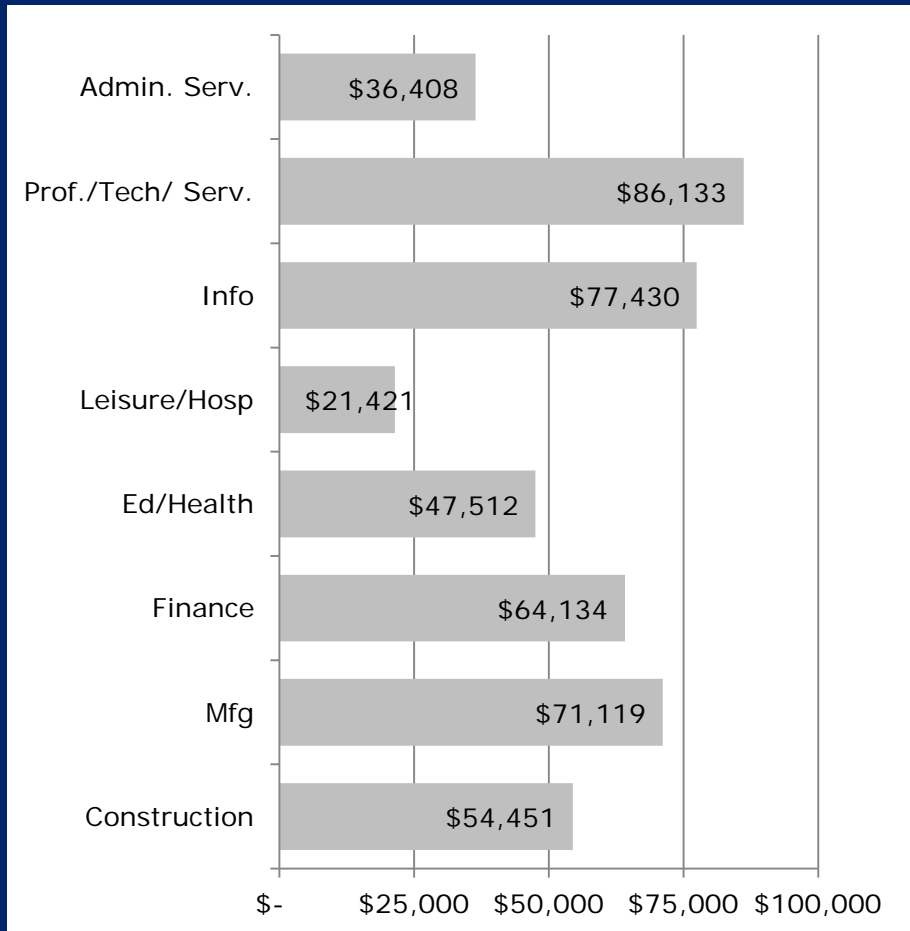


- SD is showing signs of recovery in local strengths: Health Care, Prof./Tech. Services, and Tourism.
- Of the biggest sources of job loss during the recession, some sectors will likely not recover (Mfg, non-bank mortgage finance)
- Other weak sectors will eventually recover, once the housing market normalizes (Construction, Real Estate).
- The small gains in Gov't mask a nasty truth: gains in Fed. Employment have offset big butts at state/local level. And more state/local gov't job cuts on the way...

One Final Thought...

SD has a high share of population with BA+. But well-paying jobs for the over 50% w/o a BA (e.g. Mfg./Constr.) will be hard to find...

2010 SD Average Ann. Salary by Industry



2010 Educational Attainment, Share of Pop.

